

Satisfying the Long-Term Guest

By *Bradly J. Sax, CHA*

Recent news features and conference speeches have announced the entrance of the extended stay hotel into Canada. While extended stay guests have long been part of the hotel industry, the purpose-built segment has exploded in North America and particularly in the US only within the last five years. This has been a hotel developer's nirvana. Who wouldn't have been attracted to the segment?

Depending on whose figures you rely on, extended stay guests make up about six per cent of the overall travelling public and a greater percentage of the industry's sold room nights. Yet even today, extended stay rooms make up only about four per cent of the North American total hotel room count. Recent development numbers indicate that 40,000 new purpose-built extended stay rooms were brought into the US alone in 1999 (a 21 per cent supply gain). Even with all these new rooms it is still an under-served market segment, especially in Canada

where such dramatic development has not occurred. There are many factors that make the extended stay segment one that cannot be ignored, including: an under-served market; higher occupancies than any industry segment; and the highest profit margins in the industry.

Jack DeBoer is generally credited with creating the extended stay concept in the 1970s with the Residence Inn® brand (since sold several times over and now part of Marriott® International). He has since created several other extended stay brands. As the story goes, his early concept was the conversion of a financially unsuccessful apartment building. It focused on marketing to people who needed accommodations for more than 30 nights. The facility provided them with hotel-like services and the amenities of home at prices better than a regular, full-service hotel. The suites had full kitchens, living areas, bedroom areas and private baths and were 50 per cent larger than traditional hotel rooms. If guests desired, they could purchase or rent house supplies, such as pots and pans.

Residence Inn by Marriott® is now the largest extended stay brand boasting over 350 properties. Nine are presently open in Canada and several more Canadian properties are in various stages

of development. Residence Inn® crossed the threshold into the Canadian market in the latter half of the 1990s. They were, however, not the first to bring the extended stay hotel concept to Canada.

In late 1994 and for several years thereafter, two Dodge Suites Hotels in Mississauga and Vaughan, Ontario, converted to extended stay properties. Previously, they marketed to transient corporate guests. To change markets, they put the amenities, services and design features geared to serve long-term guests into place. Most suites were adapted to include cooking facilities and outfitted with additional amenities. Restaurant outlets were closed and made into hospitality centres for complimentary breakfasts and evening social hours. This provided the social interaction highly prized by extended stay guests. Meeting rooms were converted into exercise facilities and new office spaces for [our] beefed-up sales teams. Unique direct selling methods were employed to reach extended stay guests and decision-makers.

Staffing models and operational procedures from the front of the house to the heart of the house were changed to meet the needs of long-term guests. Airport shuttle services contracts were cancelled and all media advertising was stopped. Staff was energized for the new focus and told to not concentrate on those one or two night reservations, bus tours or group business, but to focus on guests staying at least five nights. The hotels quickly increased their occupancies by more than 30 points and at first maintained, and then increased, their average daily rates significantly. The Toronto Airport Dodge Suites Hotel was

sold to the CHIP Reit several years ago and the Vaughan location continues to build on its success.

The lure of higher occupancies and better bottom lines brought about by these extended stay guests has created a rush by some transient, full-service and select-service hotel owners and operators to get on the extended stay bandwagon. However, these hotels, adding a small refrigerator here and a 30-night rate there, are not usually fully prepared to meet the needs of the segment's guests and may ultimately create dissatisfied customers. A complete commitment to the philosophical, physical plant and long-term guest focus is necessary for success. Success can be achieved through

a dedicated purpose-built product or by converting a facility designed for long-term living, such as apartments and condominiums, into extended stay hotels. Fortunately, the Dodge Suites Hotels were unknowingly designed to fit the long-term guests' needs and only minor physical renovations were required to properly serve the segment. Those hotel operators that jump into the fray without the know-how or physical plant to support them will find themselves up against several problems.

Owners' and operators' knowledge of the extended stay segment is crucial to their success. Unlike transient hotels, extended stay operators cannot count on their brand's reservation system to

produce a high volume of room nights or the brand's identity to pull guests off the street. Good market conditions will not put extended stay guests in the beds. Even though extended stay hotels can look, and in many ways feel, like any other hotel, the operational differences behind the scenes are vast. The most difficult philosophical change involves letting go of the bird-in-the-hand theory that is the basis of most hotels' yield management principles. This advance booking mentality is not conducive to the long-term guests' booking and travel patterns. Not only must operators abandon previous ideas about yield management, they must embrace and enact the upside down

Old Montreal's New Extended Stay Hotel: How to Make Guests Feel at Home

By Lorne Grey

Visitors to Montreal who have not been there in recent years are surprised to find the city alive with construction projects. One construction site in Old Montreal is home to a new hotel, Springhill Suites by Marriott, due to open next month. Extended Stay is the perfect accommodation provider for business and tourist alike, just what Old Montreal needed to satisfy American tourists and business class guests.

Old Montreal had to approve Springhill Suites' designer. Nicole Vekemans was commissioned because of her portfolio of work previously done for the city. Contract Partners of North America (CPNA), manufacturers and suppliers, was chosen to provide the furnishings, fixtures and equipment (FF&E) for the first Springhill Suites. The furnishings are different from anything CPNA has done in the past. CPNA first had to understand the concept Vekemans put forth and the specifications Marriott set. When all was said and done, the furniture style, sleep sets, artwork, fabrics and lighting created the look and feel of home. The practicality, warmth and comfort of these rooms provide all the answers. An instant office with executive swivel chair, incline lounge chair with built-in Ottoman,



and all the conveniences of home make being away for extended periods a breeze.

This type of accommodation is the new reality, not just a trend. The guests know they are in a hotel, yet feel at home, and they like the feeling. The demand for this type of hotel will grow as business class guests and tourists feel less stress in these warm surroundings. ☺

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yield management principles that make an extended stay hotel successful.

Upside down yield management principals include holding a certain number of rooms from sale until all possible extended stay guests are booked, and only then releasing any remaining inventory to non-extended stay guests. In addition, managing an extended stay hotel's inventory restrictions and sell-through availability is vital to remove the usual market conditions of the daily occupancy peaks and valleys that could hinder an extended stay hotel's success. Complete knowledge of the extended stay guest's travel patterns is necessary to make these critical and profit impacting decisions.



Hearth Room at Marriott Residence Inn, Montreal, comforts provides for extended stay with livingroom-like common area.

Creating Value in Extended Stay

By Anthony Capkun

Several years ago, Bass Hotels recognized the need to create an extended stay product. "We realized there was a niche in our portfolio that needed to be filled," says Patrick Field, Bass Hotels Vice-President of Sales and Marketing. While others were rushing out to launch an extended stay product, Bass decided to carry out some research first. "Our secret has been to do the research to find out exactly what the customer wants."

Bass learned extended stay guests value two-room suites over one big one, a well-equipped kitchen, and rooms in which they could decide where furniture should be placed. Armed with this information, Bass launched its first extended stay product, Staybridge Suites, in Atlanta, Georgia—home to the company's corporate offices. Since then, about 30 properties have opened across continental US, with an additional 47-50 franchises slated for completion this year. "It's great to be on the leading edge," says Field.

Staybridge Suites in Markham, Ontario is a relatively recent addition to the Staybridge family. Opened in November 2000, General Manager Debra Sousa says the property is strategically placed in Canada's fastest growing technical city. "Guests typically fall under three main

categories," she explains, "They are here because they are relocating, or working on projects in the vicinity, or attending training sessions." Sousa agrees that guests staying longer than one night can really take advantage of the services and amenities provided by this extended stay property.

This 120-room Staybridge features three suite types: studio and one or two bedroom. Each room boasts a kitchenette, cookware and dishwasher, and VCR instead of pay television (just visit the video library on the main floor for the latest titles). The property does not feature

a full-service restaurant; rather, guests are welcome to generous breakfasts in the kitchen/pantry and evening meals several nights a week. "We fire up the barbeque at least once a week during Sundowner for burgers and dogs," says Sousa.

Coffee is always available in the pantry and the convenience store and business centre are open 24/7. Guests have the option of doing their own laundry and can store large, unwieldy items in storage rooms located on the upper floors instead of in their rooms. So far the recipe seems to be working. "We've changed a lot of people's loyalties while building our own loyalty base," says Sousa. "Our motto for guests visiting Staybridge Suites is, 'Make it your place.'" 



Photo by Anthony Capkun

The next required area of expertise is perhaps the most central to the success of extended stay hotels. It is the very unglamorous, specialized and tedious selling process practiced to attract guests and the decision-makers. It is also important for an operator to understand which operational procedures must change to better accommodate the extended stay guest. Operators who are not prepared to dedicate their facilities to the segment may find themselves dealing with unhappy guests and lost revenue. Purpose-built facilities are designed around guests' needs for separate and divided spaces in which to work, sleep and relax. The guests require a high degree of contact with all the hotel associates. They require contact with both hourly and managerial associates at early breakfasts and late social hours each day. The hotel's service levels have to be geared toward the guest's need for home-like services. Room attendants must treat the space as someone's home and act as the guest's personal housekeeper. That attendant must take on added responsibilities like folding clothes neatly and putting them away. Extended stay guests also require that the physical property be maintained at a very high level. A long-term guest can spot guest room flaws easily. The small tear in the wall vinyl in room 302 eats away at the guest's quality perception everyday. A lack of an operator's complete attention to these and other such details will create dissatisfied guests.

The extended stay segment is not one that a hotel owner and/or operator can be in part-time without heading toward lost revenue. A dedication to the principles of extended stay yield management is needed so property managers can maintain the industry occu-

pancy premiums that make this segment so successful. Long-term guests expect facilities designed to provide the living spaces of home at rates lower than corporate hotels in exchange for their long-term reservations. They do not use hotel profit centres such as lounges, restaurants, pay-per-view movies and banquet facilities like a typical transient or group guest. The unique direct selling methods needed for the extended stay segment are costly on a per-booked-room basis and the selling process requires constant management guidance. There is a very long sales cycle; a single extended stay booking can take months to develop from initial research to an in-house guest.

The lodging industry has experienced some very positive economic times and no segment has seen more attention and growth than the extended stay market. It provides great rewards to owners and

operators such as higher than market occupancies and the highest profit margins of any industry segment. But do not forget, these hotels are distinctively different both physically and operationally from hotels in other industry segments. Extended stay hotels are sales driven organizations that rely less on market conditions, location and brand identity for their success and more on past knowledge and experience within this specialized sector. ☐

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Summer 2001
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